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Message Text

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ACTION EB-07

INFO OCT-01 EA-07 ISO-00 AGRE-00 CEA-01 CIAE-00
COME-00 DODE-00 FRB-03 H-01 INR-07 INT-05 L-03
LAB-04 NSAE-00 NSC-05 PA-01 EPG-02 AID-05 SS-15
STR-04 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01
FEA-01 IO-13 /096 W
----------039357 220931Z /17
P 220825Z JUN 77
FM AMEMBASSY MANILA
TO SECSTATE WASHDC PRIORITY 1432

C O N F I D E N T I A L MANILA 9614

DEPT PASS USDA FOR BERGLAND AND FAS FOR HUME AND SUGAR
AND TROPICAL PRODUCTS

E.O. 11652: GDS
TAGS: EAGR, EAID, RP
SUBJECT: SECRETARY BERGLAND'S MEETING WITH PRESIDENT MARCOS

1. SUMMARY. SECRETARY BERGLAND MET WITH PRESIDENT MARCOS FOR ONE HOUR ON JUNE 21. THE DISCUSSIONS WERE OPEN AND CANDID AND CONCERNED MAINLY SUGAR AND THE U.S. POLICY ON THE USE OF U.S. SURPLUS AGRICULTURAL PRODUCTION FOR DEVELOPMENT ASSISTANCE. END SUMMARY.

2. SECRETARY BERGLAND, ACCOMPANIED BY ASSISTANT SECRETARY HATHAWAY, MINISTER STULL AND AGATT SAMSON MET WITH PRESIDENT MARCOS, SECRETARY ROMULO, AMBASSADOR BENEDICTO, PANFILO DOMINGO (PNB), SECRETARY OF AGRICULTURE TANCO, ADMINISTRATOR TANCHANCO (NGA), AND JOE UNSON (SQA) FOR ONE HOUR DURING THE MORNING OF JUNE 21.

3. SECRETARY BERGLAND CONGRATULATED THE PRESIDENT ON HIS SPEECH BEFORE THE WFC NOTING THAT IT SET THE TONE FOR THE CONFERENCE. SECY BERGLAND ALSO EXTENDED TO
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THE PRESIDENT THE BEST WISHES OF PRESIDENT CARTER AND EMPHASIZED THE CONTINUING U.S. INTEREST IN THE PHILIPPINES AND IN SE ASIA.

4. SECY BERGLAND BRIEFLY REVIEWED U.S. FOOD AID PROGRAMS, INCLUDING U.S. INTEREST IN MULTI-YEAR PROGRAMS AND IN THE USE OF FOOD FOR DEVELOPMENT STRATEGY IN COUNTRIES THAT HAVE

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A PROGRAM TO INCREASE FOOD PRODUCTION AND HAVE A NEED FOR ASSISTANCE. HE NOTED THAT SURPLUS U.S. PRODUCTION WOULD BE FOR DEVELOPMENT ASSISTANCE AND WOULD NOT BE USED AS A WAY TO DISPOSE OF SURPLUS COMMODITIES. THE SECY ALSO REITERATED THAT THE U.S. INTENDED TO CONTINUE AS A DEPENDABLE SUPPLIER AND THAT THERE WOULD BE NO EMBARGOES ON EXPORTS. THE SECY STATED THAT THE U.S. WILL CONTINUE TO PRESS FOR A REDUCTION IN TRADE BARRIERS TO FACILITATE EXPORTS. THE U.S. WILL ALSO BE DEVELOPING SPECIFIC PROPOSALS FOR INTERNATIONAL COMMODITY AGREEMENTS BUILT AROUND PRICING CORRIDORS AND STOCKING PROVISIONS. THE U.S. HAS CONSIDERABLE INTEREST IN PRICE STABILITY.

5. THE PRESIDENT THEN ASKED SECY BERGLAND WHAT HE THOUGHT WOULD HAPPEN TO SUGAR. THE SECY BRIEFLY REVIEWED THE U.S. POSITION PRESENTED AT THE ISA IN GENEVA AND SUMMARIZED THE INTERIM U.S. POLICY, STRESSING THAT THIS WAS ONLY A SHORT-TERM SOLUTION AND THAT THE ADMINISTRATION WAS HOPEFUL THAT AN ACCEPTABLE ISA WOULD BE FORTHCOMING. THE SECY ALSO EXPLAINED U.S. PROCEDURES REGARDING SUGAR POLICY AND WHAT MIGHT HAPPEN IF THERE IS NO ISA, EMPHASIZING THAT THERE IS NO CHANCE THAT THE ADMINISTRATION COULD GET THE LEGAL AUTHORITY TO RETURN TO COUNTRY QUOTAS. THE SECY ALSO DISCUSSED THE HIGH FRUCTOSE CORN SYRUP SITUATION, INCLUDING COSTS AND CAPACITY, NOTING THAT IF THE MINIMUM ISA PRICE WAS SET TOO FAR ABOVE THE MID-POINT OF CONFIDENTIAL

15 CENTS PER POUND, U.S. PRODUCTION WOULD EXPAND SHARPLY.

6. PRESIDENT MARCOS NOTED THAT THE GOP SUPPORTED THE U.S. POSITION IN ISA BUT HAD RESERVATIONS ON MINIMUM PRICE AND FINANCING OF STOCKS. HOWEVER, IF A GOP VOTE BECOMES NECESSARY TO BREAK A DEADLOCK IN FUTURE MEETINGS, THE GOP WILL VOTE WITH THE U.S. THE SECY STATED THAT HE WOULD TAKE UP THE SUBJECT WITH KATZ ASAP TO SEE WHAT THE U.S. COULD DO TO ACCOMMODATE GOP RESERVATIONS.

7. THE PRESIDENT THEN ASKED THE SECY WHAT GOP SHOULD DO REGARDING THE RENEGOTIATION OF ITS CONTRACTS WITH U.S. REFINERS, STATING THAT THE GOP MAY HOLD BACK ON RENEGOTIATING THESE CONTRACTS PENDING AN ISA. THE PRESIDENT ALSO STATED THAT THE GOP WANTED TO MAINTAIN ITS SHARE OF THE U.S. MARKET. THE SECY SAID THE U.S. HAD NO RESERVATIONS WITH THIS. ACCORDING TO SECY TANCO SOME SUGAR SHIPPED UNDER CURRENT CONTRACTS IS BEING DUMPED ON THE U.S. MARKET. SECY BERGLAND SAID HE WAS RECEIVING CONSIDERABLE PRESSURE FROM U.S. PRODUCERS WHO CLAIM THAT THE INDUSTRY WAS BEING HURT BY LOWPRICED PHILIPPINSSUGAR AND THAT IT WAS A REAL POLITICAL PROBLEM. PRESIDENT MARCOS

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STATED THAT THE GOP WOULD INSIST, DURING THE RENEGOTIATIONS
OF CONTRACTS, THAT THE PRICE BASED ON SPOT PRICE NO. 11
BE MAINTAINED SO AS NOT TO UNDERSELL U.S. PRODUCERS.
PRICE CUTTING AT RETAIL LEVEL WILL NOT BE ALLOWED FOR
PHILIPPINE ORIGIN SURMR. SECY BERGLAND SAID SUCH PRO-
VISIONS WOULD GREATLY HELP WITH HIS POLITICAL PROBLEMS.

8. THE SECYNHEN EXCHANGED GIFTS WITH THE PRESIDENT AND
EXPRESSED HIS DEEP GRATITUDE FOR ALL THE ARRANGEMENTS THE
GOP HAD MADE FOR HIS VISIT.
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Message Attributes

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Capture Date: 01-Jan-1994 12:00:00 am
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Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
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Disposition Date: 22 May 2009
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